

## Message Text

PAGE 01 STATE 055601

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TO AMEMBASSY ADDIS ABABA

USINT ALGIERS

AMEMBASSY AMMAN

AMEMBASSY ANKARA

AMEMBASSY BEIRUT

USINT CAIRO

AMEMBASSY BRUSSELS

AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY LONDON

AMEMBASSY MOSCOW

USMISSION NATO

AMEMBASSY NICOSIA

AMEMBASSY PARIS

AMEMBASSY NOUAKCHOTT

AMEMBASSY RABAT

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

AMEMBASSY KUWAIT

AMEMBASSY SANAA

AMEMBASSY MANAMA

AMCONSUL JERUSALEM

CINCLANT FOR POLAD

SECRET

PAGE 02 STATE 055601

USCINCEUR FOR POLAD

AMEMBASSY MOGADISCIO BY POUCH

USINT BAGHDAD BY POUCH

S E C R E T STATE 055601

E. O. 11652 - GDS

TAGS: PFOR, XF

SUBJECT: NEAR EAST HIGHLIGHTS MARCH 17 - 23

KUWAIT POUCH ABU DHABI AND MUSCAT

1. LEBANON: FEDAYEEN ATTACKS IN LEBANON - ON MARCH 19, SEVERAL EXPLOSIONS CAUSED HEAVY DAMAGE TO THE BEIRUT OFFICES OF THE AL- HAWADITH PUBLISHING HOUSE. THE OPERATION WAS CARRIED OUT BY FOUR ARMED MEN WHO ARE BELIEVED TO HAVE BEEN " FREE LANCE" FEDAYEEN HIRED BY THE IRAQI REGIME TO " GET" AL- HAWADITH WHOSE EDITORIAL LINE IS NOTABLY PRO- SAUDI AND PRO- IRANIAN. ON MARCH 21 FEDAYEEN ATTACKERS KILLED A LEBANESE ARMY OFFICER AND AN ENLISTED MAN AT AN ARMY CHECKPOINT AT RACHAYA AL WADI IN THE ARQUB. LEBANESE AUTHORITIES DO NOT KNOW TO WHICH ORGANIZATION THE ATTACKERS BELONG. IN AN OBVIOUS EFFORT TO APPEASE THE GOL, THE PALESTINIAN NEWS AGENCY ISSUED A STATEMENT ON MARCH 21 CONDEMNING THE ATTACK AND DENOUNCING THE ASSAILANTS. NEVERTHELESS, THE EMBASSY REPORTS THAT THE GOL HAS BECOME INCREASINGLY CONCERNED THAT THE FEDAYEEN MAY BE TRYING DELIBERATELY TO STIR UP TROUBLE IN LEBANON.

2. JORDAN: AID TO JORDAN - DURING JORDANIAN PRIME MINISTER LAWZI' S VISIT TO RIYADH LAST WEEK, SAG AGREED TO MAKE THEIR REGULAR JANUARY AND APRIL PAYMENTS IN

ADDITION TO THE ADVANCES MADE LAST DECEMBER. THIS WILL ADD AN ADDITIONAL 23 MILLION DOLLARS IN SAUDI AID TO JORDAN THIS YEAR.

3. BRITISH AID TO JORDAN - THE BRITISH ANNOUNCED LAST WEEK THAT THEY WILL MAKE AVAILABLE ABOUT TEN MILLION POUNDS OVER THE NEXT THREE YEARS TO FINANCE PROJECTS IN THE JORDANIAN DEVELOPMENT PLAN. THIS IS A

SECRET

PAGE 03 STATE 055601

SUBSTANTIAL INCREASE IN BRITISH DEVELOPMENT ASSISTANCE TO JORDAN, WHICH HAS BEEN RUNNING AT JUST OVER TWO MILLION POUNDS A YEAR.

4. JAPANESE AND KUWAITI AID TO JORDAN - WE CALLED IN JAPANESE EMBASSY OFFICERS THIS WEEK TO MAKE A PITCH FOR JAPANESE ASSISTANCE FOR JORDAN' S THREE YEAR DEVELOPMENT PLAN. THE JAPANESE EMBASSY OFFICERS INDICATED THAT, ALTHOUGH JORDAN HAS HAD VERY LOW

PRIORITY FOR JAPAN UP TO NOW, THE DOOR WAS NOT CLOSED TO SOME TYPE OF DEVELOPMENT LENDING. WE ARE INFORMING THE JORDANIANS OF OUR APPROACH AND URGING THEM TO FOLLOW UP DIRECTLY WITH THE JAPANESE. ALSO, THE DEPARTMENT THIS WEEK AUTHORIZED EMBASSY KUWAIT TO MAKE A NEW DEMARCHE TO THE GOK URGING RECONSIDERATION OF ITS SUSPENDED SUBSIDY TO JORDAN.

5. GENERAL: REACTION TO DOLLAR CRISIS - EMBASSIES JIDDA AND KUWAIT REPORT KNOWLEDGEABLE LOCAL SOURCES REFUTE RECENT WESTERN PRESS ALLEGATIONS THAT SIGNIFICANT SPECULATION BY SAUDI OR KUWAITI MONEY- MANAGERS OCCURRED DURING THE RECENT DOLLAR CRISIS. AS CONFIRMATION, WELL- INFORMED LOCAL SOURCES HAVE NOTED THE SUBSTANTIAL PAPER LOSSES SUFFERED BY HOLDERS OF DOLLARS DURING DEVALUATION. BOTH SAUDIS AND KUWAITIS, POINTING TO THE STRENGTH, SIZE, AND VITALITY OF THE US ECONOMY AS JUSTIFICATION FOR CONTINUING TO RETAIN SIZEABLE DOLLAR HOLDINGS, HAVE INDICATED THAT THEIR MAIN DESIRE IS FOR STABLE CURRENCY MARKETS.

6. SAUDI ARABIA: SAUDI OIL POLICY - IN AN INTERVIEW DATED MARCH 16, SAUDI OIL MINISTER YAMANI SAID THAT SAUDI ARABIA WELCOMED ANY MOVEMENT BY OIL- CONSUMING STATES TO DIVERSIFY THEIR SOURCES OF SUPPLY SINCE THIS WOULD RELIEVE SAUDI ARABIA OF ANY " MORAL OBLIGATION" TO INCREASE OIL PRODUCTION BEYOND THE INTERNAL FINANCIAL AND ECONOMIC NEEDS OF THE KINGDOM. AS FOR PROPOSALS THAT CONSUMERS FORM A CARTEL TO BARGAIN COLLECTIVELY WITH OPEC, YAMANI WARNED THAT IN THE EVENT OF SUCH A

CONFRONTATION ANY MORAL OBLIGATION TO UNDERTAKE " UNNECESSARY" INCREASES IN PRODUCTION WOULD BE TOTALLY SECRET

PAGE 04 STATE 055601

ELIMINATED. YAMANI AGAIN APPEALED TO CONSUMER COUNTRIES TO PARTICIPATE IN THE INDUSTRIALIZATION OF SAUDI ARABIA.

7. PLANS TO STRENGTHEN THE YAR - PRINCE SULTAN HAS TOLD US THAT DURING LAST WEEK'S MEETINGS WITH YAR PRIME MINISTER AL HAJRI IN RIYADH, THE SAUDI GOVERNMENT AGREED TO PROVIDE AN ADDITIONAL 20 MILLION DOLLARS IN BUDGET SUPPORT TO THE YAR OVER THE NEXT SIXTEEN MONTHS IN ADDITION TO DEVELOPMENT PROJECT AID, POSTPONING REPAYMENT OF SOME OUTSTANDING LOANS, AND WAIVING INTEREST PAYMENTS. THIS BRINGS TOTAL SAUDI AID TO THE YAR, SINCE RELATIONS WERE RESUMED IN 1970 TO NEARLY 60 MILLION DOLLARS.

8. YAR PRESIDENT IRYANI EXPRESSED TO AMBASSADOR

CRAWFORD THE YAR' S APPREICATION FOR THE HELPFUL ROLE PLAYED BY THE USG IN MAKING THE SAG/ YARG TALKS A SUCCESS. IRYANI URGED PROMPTNESS IN MEETING THE YAR' S ARMS REQUESTS BUT EXPRESSED UNDERSTANDING OF THE USG DESIRE TO AVOID BECOMING DIRECTLY AND OVERTLY INVOLVED IN YEMEN' S SECURITY PROBLEM.

9. YEMEN: RELATIONS WITH IRAN NORMALIZED - AS A RESULT OF A VISIT TO TEHRAN BY YAR DEPUTY PRIME MINISTER HASSAN MAKKI, RELATIONS BETWEEN IRAN AND THE YAR ARE BACK TO NORMAL. IRAN HAS PROMISED TO REVIEW AGAIN SYMPATHETICALLY A YAR SHOPPING LIST ( PRESUMABLY MILITARY EQUIPMENT) AND TO UPGRADE ITS PERSONNEL AT THE IRANIAN MISSION IN SANAA.

10. JORDAN TO OPEN EMBASSY IN SANAA - JORDAN HAS SELECTED ITS FIRST AMBASSADOR TO SANAA. HOPEFULLY, THIS WILL OPEN THE WAY FOR THE GOJ TO MAKE A MODEST CONTRIBUTION TO THE YAR' S NEEDS FOR TEACHERS AND ADVISORY PERSONNEL IN THE FIELD OF INTERNAL SECURITY.

11. KUWAIT/ IRAQ: IRAQ ATTACKS KUWAIT BORDER POSTS - SHORTLY AFTER 3:00 A. M. MARCH 20, IRAQI FORCES ROCKETED AND SUBSEQUENTLY OCCUPIED KUWAIT' S AL- SAMITAH BORDER POST SOUTHWEST OF THE IRAQI PORT OF UMM QASR- CASUALTY REPORTS VARY, BUT IT APPEARS THAT AT LEAST  
SECRET

PAGE 05 STATE 055601

ONE KUWAITI AND POSSIBLY TWO IRAQIS WERE KILLED. THE ATTACKING FORCE THEN SHELLED A SECOND POST DUE SOUTH AT UMM QASR, BUT KUWAIT CLAIMS TO HAVE REOCCUPIED THIS POSITION AFTER HAVING ABANDONED IT FOR A SHORT PERIOD.

12. THIS IS THE FIRST SERIOUS BORDER FLARE- UP BETWEEN THE TWO COUNTRIES SINCE 1961. IT ONCE AGAIN REVIVES A FORTY- YEAR OLD BOUNDARY DISPUTE WHICH HAS BEEN COMPOUNDED OVER THE YEARS BY SEVERAL MILITARY, FINANCIAL AND MARITIME CONSIDERATIONS.

13. THE GOK HAS SOUGHT ARAB LEAGUE MEDIATION AND PRESIDENT SADAT HAS OFFERED EGYPT' S MEDIATION IF NEEDED. ARAB LEAGUE SYG RIAD HAS ALREADY BEGUN TALKS WITH BOTH SIDES BUT IT REMAINS UNCERTAIN WHETHER THE IRAQIS WILL BE RESPONSIVE TO LEAGUE PRESSURE OR WHAT IRAQ' S CONDITIONS FOR WITHDRAWAL WILL BE. SINCE OCCUPYING AL SAMITAH, THE IRAQIS APPARENTLY HAVE REINFORCED THEIR UNITS IN THE AREA.

14. OMAN: MORE PFLOAG ARRESTS - AN ADDITIONAL NUMBER OF PFLOAG MEMBERS HAVE BEEN ROUNDED UP IN NORTHERN OMAN RECENTLY BRINGING THE TOTAL SINCE EARLY THIS YEAR

TO 88. A SIZEABLE ARMS CACHE OF CHINESE MADE WEAPONS, WHICH HAVE BEEN SMUGGLED IN FROM ADEN HAS ALSO BEEN DISCOVERED. THE SPEED WITH WHICH PFLOAG HAS BEEN ABLE TO RECRUIT FOLLOWERS REFLECTS ON OMAN'S WEAK GOVERNMENT ADMINISTRATION AND MALDISTRIBUTION OF DEVELOPMENT ACTIVITIES NOW UNDERWAY.

15. ISRAEL: EBAN TO VISIT US IN MID- MAY - THE GOI HAS INFORMED US THAT FOREIGN MINISTER EBAN WILL VISIT THE US IN MID- MAY ON A FUND- RAISING TRIP FOR ISRAELI BONDS FOR ABOUT 10 DAYS.

16. INFLATION IN ISRAEL CONTINUES UNCHECKED - EMBASSY TEL AVIV REPORTS THAT THE FIRST EFFORTS OF THE TOP- LEVEL TRIPARTITE (GOI, MANUFACTURERS, HISTADRUT) COMMITTEE TO RESTRAIN INFLATION APPEAR UNSUCCESSFUL. THE HISTADRUT IS DEMANDING INFLATION BE HELD TO 4-5 PERCENT FOR THE FIRST HALF OF THE YEAR, OTHERWISE A COST- OF- LIVING  
SECRET

PAGE 06 STATE 055601

INCREASE MUST BE GRANTED. THE CONSUMER PRICE INDEX IS UP 2.9 PERCENT FOR THE FIRST TWO MONTHS OF 1973.

17. TERRORISTS ARRESTED IN GAZA - THE IDF HAS ANNOUNCED THE ARREST IN THE GAZA STRIP OF 21 PALESTINIANS BELIEVED TO BE INVOLVED IN THE MURDERS OF BOTH THE SHATI REFUGEE CAMP COMMITTEEMAN DIEB EL HARBITI AND FATHER HANNA NIMRI.

18. ELECTIONEERING BY DAYAN - IN A MARCH 14 SPEECH, DEFENSE MINISTER DAYAN HINTED HE MIGHT NOT SERVE IN THE NEXT GOVERNMENT IF HE WERE NOT SATISFIED WITH THE LABOR PARTY'S PLATFORM ON THE OCCUPIED TERRITORIES. DAYAN ALSO REMINDED THE ISRAELIS OF THE SECURITY THREAT OF A POSSIBLE RETURN BY THE SOVIETS TO EGYPT AND REITERATED HIS VIEW THAT ARABS DO NOT WANT REAL PEACE. DESPITE EFFORTS SUCH AS THESE TO FRIGHTEN THE LABOR PARTY INTO GIVING HIM HIS WAY, THE EMBASSY DOES NOT BELIEVE DAYAN WILL BE ABLE TO GET THE KIND OF RIGHT- WING PLATFORM HE WOULD LIKE ON THE TERRITORIAL ISSUE. ROGERS

NOTE BY OCT: POUCHED.

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ALGIERS  
AMMAN  
ANKARA  
BEIRUT  
CAIRO  
BRUSSELS

DHAHRAN  
JIDDA  
KHARTOUM  
LONDON  
MOSCOW  
NATO  
Y NICOSIA  
PARIS  
NOUAKCHOTT  
RABAT  
ROME  
TEHRAN  
TEL AVIV  
TRIPOLI  
TUNIS  
KUWAIT  
SANAA  
MANAMA  
JERUSALEM  
CINCLANT FOR POLAD  
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